

CRS Report for Congress

Received through the CRS Web

Palestinian Elections

February 9, 2006

Aaron D. Pina
Middle East Analyst
Foreign Affairs, Defense, and Trade Division

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE 09 FEB 2006		2. REPORT TYPE		3. DATES COVERED 00-02-2006 to 00-02-2006	
4. TITLE AND SUBTITLE Palestinian Elections				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) Congressional Research Service, The Library of Congress,101 Independence Ave, SE,Washington,DC,20540-7500				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT	18. NUMBER OF PAGES 25	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Palestinian Elections

Summary

Fair and transparent elections are seen by experts and policymakers as a necessary step in Palestinian democratization and for the peace process. In 2002, the Palestinian Authority (PA), under increasing internal and external pressure, announced a so-called “100-Day Reform Plan” for institutional reform and elections in order to rejuvenate PA leadership. The 2006 legislative elections were the final and perhaps most critical test for Palestinian democratic institutions. On the one hand, the Palestinian Legislative Council elections may improve the day-to-day lives of Palestinians, renew public confidence in the PA, and bolster the peace process. On the other hand, the clear-cut legislative victory of Hamas, which does not recognize the state of Israel and calls for an Islamized Palestinian state, may increase the possibility that Palestinians will find themselves isolated.

Palestinian political reform is an important element in the U.S. policy of promoting democracy, civil society, and good governance in the Middle East. Still, a PA that is dominated by a democratically elected Hamas is uncharted diplomatic territory for the United States government and international community. It remains unclear how U.S. policy toward the Palestinians will change now that a designated terrorist organization is set to head the government. Additionally, as Israel holds its own parliamentary election this spring, any new government will face decisions whether to curb economic and diplomatic relations with the Palestinians.

The Palestinian political landscape has changed dramatically since the death of Yasir Arafat in 2004. Violence between Palestinians and Israelis, ineffective PA government, and an elusive political solution to the Israeli-Palestinian conflict prompted Palestinians to opt for change. The shift from a secular Fatah government toward a militant, Islamist government, however, does not necessarily mean all Palestinians accept the ideology of Hamas. The public’s support for Hamas is conditional and may erode if Hamas does not improve the lives of Palestinians in demonstrable ways.

President Bush expressed support for the conduct of the Palestinian elections, but he and other Administration officials contend that there should be no place in the political process for groups and individuals who refuse to denounce terror and violence, recognize Israel’s right to exist, or disarm. Since 1993, Congress has authorized over \$1.5 billion in assistance to the Palestinians, and U.S. assistance to the Palestinians has increased over the past few years. Some in Congress support restricting or ending economic assistance to the Palestinians so that U.S. aid does not benefit a foreign terrorist organization. Others are wary of initiatives that may weaken Palestinian President Abbas.

The report will be updated periodically as events warrant. For discussion of the Palestinian-Israeli conflict, see CRS Report RS21235, *Palestinian Factions*, by Aaron Pina and CRS Issue Brief IB91137, *The Middle East Peace Talks*, by Carol Migdalovitz, and CRS Report RS22370, *U.S. Foreign Aid to the Palestinians*, by Jeremy M. Sharp.

Contents

Overview	1
Current Political Issues	2
Security	2
Corruption	2
Economy	3
Disengagement	4
Leading Palestinian Factions	5
Fatah	5
Hamas	6
2005-2006 Elections	7
Background on Electoral Reform	7
Presidential Elections	8
Municipal Elections	9
Palestinian Legislative Council Elections	9
Composition	9
Results	10
International Reactions	11
United States	11
Israel	11
Middle East, European, and Other International Reactions	12
Palestinian Reaction	13
Fatah	13
Hamas	13
A New Palestinian Government	14
Hamas Governance	14
Regional Considerations	16
The Future of Palestinian Aid	16
Legislation	17
Peace Process	18
Palestinian Democracy	19
Appendix A: Palestinian Elections Timeline	20
Appendix B: Municipal Election Results	21

List of Tables

Table 1. January 9, 2005, Palestinian Presidential Election Results	8
Table 2. January 25, 2006, Palestinian Legislative Council Election Results . .	10
Table 3. U.S. Assistance to the Palestinians, FY2002-FY2006	17

Palestinian Elections

Overview

Political reform within the Palestinian Authority (PA) is seen by experts and policymakers as a necessary step in Palestinian democratization and the Israeli-Palestinian peace process. The PA continues to underperform: its security services are ineffective, the national economy is nearly bankrupt, and post-withdrawal Gaza is devolving further into ungoverned space. These factors, combined with the public's dissatisfaction with institutional corruption, contributed to a convincing win by Hamas in the January 2006 parliamentary election. With Hamas poised to lead the next Palestinian legislative session and form a new cabinet, policymakers face a situation wherein the PA is to be led by a designated terrorist organization whose Covenant states the group's commitment to the destruction of the state of Israel.¹ This development, combined with Israeli Prime Minister Sharon's incapacity and Israeli elections in March, will continue to fuel speculation on the future of a viable and comprehensive settlement to the Israeli-Palestinian conflict and the Bush Administration's wider goal of democratic reform in the Middle East.

In 2002, President Bush declared support for a democratic Palestinian state existing alongside a secure Israel to result from the "road map," the only internationally accepted political framework for achieving a peaceful solution to the Israeli-Palestinian conflict. Though supportive of Palestinian democracy, President Bush and much of the international community appear gravely concerned that Hamas, despite its democratic victory, will not cease its terror campaign against Israel in favor of a non-violent negotiated settlement. After encouraging Mahmoud Abbas to remain President of the PA in the wake of the Hamas parliamentary victory, President Bush remarked "I have made it very clear that a political party that articulates the destruction of Israel as part of its platform is a party with which we will not deal."² The manner in which the Bush Administration addresses the Hamas question may resonate throughout a region where Islamic participation in government is trending upward.

Many in Congress are also concerned that Hamas may enter government without first renouncing violence and accepting the state of Israel. After witnessing Hamas' gains in municipal polls, the House of Representatives passed H.Res. 575 (December 16, 2005), asserting that terrorist groups, like Hamas, should not be permitted to participate in Palestinian elections until such organizations "recognize Israel's right

¹ Hamas Covenant, online at [<http://www.yale.edu/lawweb/avalon/mideast/hamas.htm>].

² Jon O'Neil and Christine Hauser, "Bush Wants Abbas to Remain Palestinian Leader," *CNN Online*, January 26, 2006.

to exist as a Jewish state, cease incitement, condemn terrorism, and permanently disarm and dismantle their terrorist infrastructure.”

Current Political Issues

Recent party, local, and parliamentary elections were carried out by Palestinians in an uncertain political environment. Several issues dominated the various election campaigns in 2005 and 2006. The manner in which a Hamas-led government addresses these concerns may go a long way in determining its political future and the likelihood of re-starting the peace process.

Security

Those who seek to advance the peace process have repeatedly called for the Palestinian police to disarm militants and to re-organize themselves into a coherent security force. In June 2003, Abbas stated “there will be no military solution for this conflict, so we repeat our renunciation of terrorism against the Israelis wherever they might be.”³ Since then, Abbas has continually denounced violence as a means to achieve independence. Though Secretary of State Condoleezza Rice credits Abbas with taking “some good, concrete steps toward security reform,” the Palestinian leadership still faces technical obstacles to security reform (recruitment, training, equipment, and funding sources) and political challenges (reining in militant Palestinians and stabilizing Gaza).

By most accounts, Abbas inherited a “Balkanized” security apparatus weakened by the current *intifada*, a debilitated infrastructure, and the re-appearance of local gangs and warlordism.⁴ The degree to which President Abbas is able to reform Palestinian security institutions may also impact the outcome of final status issues like the status of refugees, Jerusalem, and political borders between Israel and any future Palestinian state. Abbas recently signaled he may resign if his political program is not followed and has repeated this threat several times in the past.⁵ A growing area of concern for policymakers is whether a Hamas-led PA will strengthen security and halt terror. Though its policy on PA security institutions is not clear, Hamas embraces violence against Israel and may hamper any attempt to reform PA security institutions.

Corruption

Charges of widespread corruption have plagued the Palestinian party of Fatah. Its leaders have oftentimes been accused of siphoning funds from ministry budgets, passing out patronage jobs, accepting favors and gifts from suppliers and contractors,

³ “Abbas Says Armed Intifada Has to Stop,” *Al-Sharq al-Awsat* (London), Dec. 14, 2004.

⁴ Strategic Assessment Initiative, *Planning Considerations for International Involvement in the Palestinian Security Sector*, the Royal Netherlands Ministry of Foreign Affairs, July, 2005.

⁵ “Abbas Might Resign if Policies Opposed,” *Associated Press*, January 18, 2006.

and soliciting bribes. Appointing former World Bank official Salam Fayad as head of finance may have reduced the level of corruption, but with Fayad's departure in 2005 to enter politics, many doubt the financial reforms he began will embed themselves within the PA. Perhaps the biggest challenge for Fatah candidates has been how to convince Palestinians of their commitment to anti-corruption efforts. In contrast, Hamas is seen as largely untouched by corruption and exploited this image during the campaigns. Hamas' anti-corruption message during the parliamentary election was apparently successful and many reports and exit polls cited anti-corruption as a motivation to vote for Hamas. Ahmed al-Meghani Meghani, the Palestinian Attorney General, recently announced that a recent investigation into the PA's finances showed that \$700 million was missing from PA coffers.⁶

Economy

Economic stagnation has been another pressing domestic concern. Prior to the Palestine Legislative Council (PLC) elections, the consensus was that openly contested, free elections, and ongoing reforms would have increased the likelihood of international aid to Palestinians, particularly from the United States. Instead, the Hamas victory in the PLC election places all international assistance in jeopardy, as most donors have refused to lend financial assistance to a terrorist group. Furthermore, efforts by international organizations like the World Bank to improve the Palestinian economy may also be hampered by the Hamas victory.

James Wolfensohn, former head of the World Bank, was appointed special U.N. representative to Gaza to coordinate reconstruction efforts after Israel's withdrawal from Gaza. In his official capacity, Wolfensohn has advocated more freedom of movement, facilitated border crossing, and changing the overall economic dynamic within the West Bank and Gaza. The World Bank estimates that real GDP growth in the West Bank and Gaza may have reached 8-9 percent in 2005, continuing the modest recovery that began two years ago, but the Palestinian economy still operates at well below its potential, with real GDP per capita almost 30 percent lower than in 1999.⁷ The World Bank report concludes that the lackluster Palestinian economy is the result of restrictions on the movement of people and goods, high unemployment (20% in the West Bank and 29% in Gaza), leading to 43% of the Palestinians living below the poverty line.⁸

In reaction to the Hamas victory, Israeli spokespersons announced that Israel would withhold tax revenues it collects on behalf of the Palestinians (roughly \$50 million per month). Recently, the government of Israel released this month's revenues to the PA, but all future allocations are subject to review and may not go through as long as Hamas refuses to recognize Israel and renounce violence. Reports

⁶ Mohammed Daraghmeh, "Palestinian Attorney General Freezes Accounts of Dozens of Corruption Suspects," *Associated Press*, February 6, 2006.

⁷ The World Bank, *The Palestinian Economy and the Prospects for its Recovery*, December 20, 2005.

⁸ *Ibid.*

claim that Saudi Arabia promised \$20 million and Qatar pledged \$13 million in aid to help the PA pay January salaries to 137,000 employees.⁹ International assistance, which comprises a significant portion of the PLC budget, is also at risk. For example, on March 31, 2005, the PLC approved a \$2.2 billion budget that assumed that pledges of \$1.2 billion in international aid, made at the March 1, 2005, London Conference, will be forthcoming. Since last spring however, the Palestinian economy worsened and the E.U. reportedly announced on January 17, 2006 that it will suspend \$42 million in aid to the Palestinians, citing their lack of budgetary discipline.¹⁰ In a government statement, Japan, the largest source of Palestinian economic assistance outside of the E.U. and U.S., stated that it hopes Hamas will move on the track of coexistence and co-prosperity with Israel after leading a new government.¹¹

Disengagement

Israel's unilateral decision to disengage from Gaza and portions of the West Bank was another domestic concern for Palestinians. The apparent inability of the PA to effectively govern Gaza, end warlordism, and begin to improve the day-to-day lives of Palestinians increased the popularity of Hamas in the run-up to municipal and parliamentary elections. It is unclear whether a politically empowered Hamas will follow the mainstream Palestinian acceptance of withdrawal or act as spoiler. The failing health of Sharon and upcoming Israeli elections also complicate the future of disengagement and the larger peace process.

In April 2002, in reaction to Palestinian suicide-bombings, Israel approved the construction of a barrier between Israeli and Palestinian-held territory, largely built inside the Palestinian side of the "Green Line" (the 1967 cease-fire line separating the West Bank from Israel). Some Israelis contend their security depends on the construction of the barrier, noting decreased suicide bombings in Israel since the barrier's partial construction. Critics of the barrier see it as *de facto* Israeli annexation of portions of the occupied West Bank. In another move to disengage from Palestinians, Prime Minister Sharon announced on December 2003 that Israel would unilaterally withdraw from Gaza and portions of the West Bank. The withdrawal began on August 17, 2005, and was completed on August 23. Some claim that Israel's disengagement masks unilateral action designed to freeze the peace process. Others assert that disengagement demonstrates Israel's commitment to peace and the two-state solution.

⁹ *Ha'aretz News Service*, "Palestinian official: Saudi Arabia, Qatar promise \$33 million in aid to PA," February 1, 2006.

¹⁰ "EU suspends 35 Million Euros in Aid to the Palestinian Authority," *Ha'aretz News Service*, January 17, 2006.

¹¹ Japan has provided over \$800 million to the Palestinians since 1993. Japan Ministry of Foreign Relations, *Japan-Palestinian Authority Relations*, February, 2006.

Leading Palestinian Factions

Many observers claim that factions, and the contentious political environment they often inhabit, may harm democratic reforms in the West Bank and Gaza by reserving power for themselves and maintaining systems of patronage, cronyism, and nepotism. Others assert, however, that factions may help cobble together a loose national consensus as power-sharing, political compromise, and the rule of law become a reality. While Hamas and Fatah have vastly outperformed all other challengers in elections, political alternatives like Mustafa Barghouti's Independent Palestine Party and former PA Finance Minister Salam Fayad's Third Way Party are proposing a democratic vision that is primarily based on transparency, accountability, security, and non-violence. The "middle" way political parties secured six out of 132 parliamentary seats.

In the absence of a political alternative, Hamas and Fatah continue to monopolize the political landscape in the West Bank and Gaza. The Palestinian extreme "Left," once key players in Palestinian politics, lost political influence with the collapse of their Soviet patron. The left's initial rejection of the Israeli-Palestinian peace process and the rise of Hamas sidelined Leftists like the Popular Front for the Liberation of Palestine (PFLP), PFLP-General Command, and the Democratic Front for the Liberation of Palestine (DFLP).¹²

Fatah

Fatah is a "big-tent" party that includes nationalists, Islamists, secularists, and leftists and served as Yasir Arafat's power base within the PLO for four decades. Until the 2006 PLC election, Hamas dominated much of the political scene in the West Bank and Gaza and has never been outside of power. Since the death of Arafat in 2004, Fatah has been plagued by allegations of corruption and cronyism, a weak economy and astronomical unemployment, ineffective preventive security forces, and rising crime. Post-withdrawal Gaza, once hailed by Palestinians as a burgeoning success story for the PA, now resembles ungoverned space and exacerbates anti-Fatah sentiment.

From the standpoint of Fatah, and by extension the PA, the lack of political cohesion and decisiveness over the past year was a boon for Hamas. Unable to agree on the composition of its national list, Fatah registered multiple lists just before the December 14, 2005 deadline. The main Fatah list was topped by the jailed militant activist Marwan Barghouti. *Al-Mustaqbal* (the Future), a Fatah breakaway, was headed by former Civil Affairs Minister Mohammad Dahlan and former PA preventive security chief Jibril Rajoub. A second breakaway party, Independent Palestine, was headed by Mustafa Barghouti (former presidential candidate and a distant cousin of Marwan Barghouti). A third breakaway party, The Third Way, was headed by Former PA Finance Minister Salam Fayad and former PLC Member Hanan Ashrawi. In addition to the public's dissatisfaction with Fatah, the multiplicity of Fatah candidates probably contributed to electoral losses in Fatah strongholds like

¹² The PFLP-General Command is currently designated an FTO. Available online at [http://www.state.gov/s/ct/rls/fs/37191.html].

Nablus, Tubas, and Tulkaram. Unlike Hamas, which offered one candidate in each race, Fatah often ran several candidates in each race. As a result, support for Fatah candidates was often divided, while all support for Hamas typically went to one candidate in any given race.

In the wake of an unprecedented rejection of its leadership and vision, Fatah no longer controls the levers of Palestinian political authority. Fatah seems to have underestimated the popularity of Hamas and the seriousness of its political challenge. Fatah's lack of electoral success also was due to the inability to speak with one voice after the death of Arafat, develop a coherent political strategy, or effectively extend the rule of law to all Palestinians. Public confidence in PA institutions, which are also identified with Fatah, is at an all time low and many Palestinians see Fatah and the PA as ineffectual and overly corrupt. Still, regardless of their current political circumstance in Palestinian society, Fatah is widely regarded as the face of Palestinian nationalism even among Hamas supporters.

Hamas

Hamas is a Palestinian offshoot of the Muslim Brotherhood Society in Palestine, established by the late Sheik Ahmad Yasin in 1988.¹³ Hamas belongs to a constellation of Palestinian groups which, after the Arab-Israeli war of 1967, were dismayed that Arab secular governments failed to secure a Palestinian state. Allegedly, Israel lent support for Hamas in its early stages, as a counterweight to Fatah and Palestinian secular nationalism. Over the past three decades, Hamas has risen to prominence, in part due to a well-organized social service network that provides services and charitable programs to Palestinians. The appearance of Fatah corruptibility also aided the popularity of Hamas. Through its military wing, the Izz Eddine al-Qassam Brigades, Hamas has frequently claimed responsibility for attacking and killing scores of Israeli civilians and soldiers. The State Department designated Hamas as a Foreign Terrorist Organization in 1997 and re-designated the organization on October 25, 2005.

The decision of Hamas to participate in the PLC election and commit to a truce (or *hudna*) may have intensified internal strife and threatened the vaunted unity of Hamas. As a result, there is increasing speculation that Khaled Meshaal, Hamas' Political Bureau Chief, based in Damascus, Syria, may formally divide Hamas into military and political organs. The purported split between the Damascus-based Hamas political leadership who appear to oppose non-violent engagement and the West Bank/Gaza leadership who support a cease-fire and political participation may affect Hamas' post-election strategy. The overall approach Hamas took toward the PLC election was disciplined and coherent. Yet, most analysts question whether Hamas will sustain a pragmatic approach, or continue with a violent, anti-Israeli agenda.

¹³ Hamas is the acronym for the Islamic Resistance Movement (or *Harakat al-muqawama al-Islamiya*). Hamas also mean "zeal" in Arabic. For an in-depth analysis of Hamas, See Khaled Hroub's *Hamas: Political Thought and Practice*, 2002 and Yohan Alexander's *Palestinian Religious Terrorism: Hamas and Islamic Jihad*, 2003.

2005-2006 Elections

Background on Electoral Reform

Demands for electoral reform picked up in 2002 with the resurgence of Palestinian reformers who felt that elections might renew institutions that had lagged during the anti-occupation *intifada* (uprising). The call for elections accompanied widely circulated reports that many Palestinian politicians view civil society and political party development increasingly as a prerequisite for systemic reform. Increased pressure from the Bush Administration and Israel on the PA to reform political institutions, as a precursor to re-igniting the peace process, is often cited as an external factor in nudging the PA toward government reform. The Bush Administration, possibly hoping to decentralize Palestinian political authority, also insisted that the late PA President Yasir Arafat name a Prime Minister, which he did in 2003.

The September 1995 Israeli-Palestinian Interim Agreement on the West Bank and Gaza (known as Oslo II) created the Palestinian National Authority (PNA or PA), a transitional executive body with a mandate over political, civil, and security matters for Palestinians. Palestinian elections and procedures are governed by the 1995 Election Law (amended in 2005), and the PA generally supports the concept of representational government¹⁴ (See **Appendix A** for a recent history of Palestinian elections). Due to the patronage and corruption of the Arafat regime, however, true representational government did not materialize. The lack of electoral consistency fostered “Arafatism,” whereby autocracy, weak institutions, corruption, and haphazard voting procedures often circumvented good governance. Conversely, some describe the PLC as one of the most vibrant political institutions in the Middle East.¹⁵

The PA often combined autocratic practices with a strong, growing, and detailed verbal commitment to liberal democratic politics. It passed laws, wrote a constitution, formed committees, issued proclamations, and occasioned speeches all promising a democratic Palestinian government. The PLC succeeded in laying down some of the foundations for governing institutions (a constitution, judiciary, elections commission). Although the Palestinian parliament established a working legislature, Yasir Arafat’s presidency dominated Palestinian institutions. Hence, the legislative branch is not fully autonomous and continues to remain within the President’s orbit.

Perhaps the most important electoral institution within the PA is the Central Elections Commission (CEC). Under the Election Law, the nine member CEC supervises elections. The stated aims of the CEC are to adhere to Election Law provisions, adopt procedures that permit impartial and transparent elections, monitor and report electoral processes, and validate the results of elections. The CEC is composed of three university presidents, five judges, and one United Nations Relief

¹⁴ 1995 Elections Law available online [<http://www.elections.ps>].

¹⁵ Nathan Brown, “Aftermath of the Hamas Tsunami,” Carnegie Endowment for International Peace, 2006.

and Works Agency (UNRWA) official. Together the Commission supervises an elections director, a staff of about 3,000 workers, and another 15,000 workers who staff the polls and coordinate foreign and domestic elections observers.

Presidential Elections

Yasir Arafat died on November 11, 2004 and Palestinian presidential elections were held soon thereafter. Under the Basic Law and the Election Law, Arafat was succeeded by the Speaker of the PLC, Rawhi Fatuh, who decreed immediately that presidential elections would be held January 9, 2005. Seven candidates competed in the poll. Mahmoud Abbas (a.k.a. Abu Mazen) won 67% of the vote and was appointed to a four-year term, Mustafa Barghouti received 21%, and five candidates split the remaining 12%. High voter turnout (around 65% despite a Hamas boycott), the presence of international and domestic observers, and a relative absence of violence contributed to a successful election. However, the presidential poll was not without incident, with widespread observer reports claiming the election was plagued by inconsistent voter lists, limited media access, and curbs on freedom of movement.

**Table 1. January 9, 2005,
Palestinian Presidential Election Results**

Candidates	Votes (%)	Votes (total)
Mahmoud Abbas (Fatah)	65.52	501,448
Mustafa Barghouti (Independent)	19.48	156,227
Tayseer Khaled (DFLP)	3.35	26,848
Abd Alhalim Ashqar (Independent)	2.76	22,171
Basam Al Salhi (Palestine People's Party)	2.67	21,429
Assayed Barakeh (Independent)	1.30	10,406
Abd Al-Karim Shbair (Independent)	0.71	5,717

Source: Palestinian Central Elections Commission.

Municipal Elections

Between 2004 and 2006 Palestinians voted in multiple municipal elections to fill 900 local council seats that are attached to the Palestinian Ministry of Government Affairs. Municipal councils are tasked with developing infrastructure (water, sewage, construction, roads), city planning, and bridging the rural-urban development gap. The series of elections were the first Palestinian municipal elections since 1976 and are generally regarded as a barometer for public opinion and a precursor to PLC elections (See **Appendix B** for election results). It appears that Hamas' showing in the municipal elections was a precursor to its victory in the parliamentary round. Hamas managed to out-mobilize Fatah at the local municipal level by harnessing its tradition of delivering social services to Palestinians. Furthermore, some maintain that although Hamas lacks the governing experience of Fatah, its local activities and grassroots approach may be successfully applied in larger governing institutions such as the parliament. Others doubt whether Hamas can effectively move beyond local social needs toward larger national governing strategies.

Palestinian Legislative Council Elections

Composition

The Palestinian Legislative Council (PLC) is the legislative arm of the PA and confirms the Prime Minister and approves all government cabinet positions. The 2006 legislative elections were the first to be held since 1996. In the 1996 poll, Fatah won 49 seats, affiliated "independents" won 15 seats, and the bulk of the remaining 24 seats went to nominally independent candidates. Hamas boycotted the 1996 poll in rejection of the Oslo accords that had established the legislature, but Islamists did win a handful of seats. Subsequent polls were slated for 2000 and 2003, but the outbreak of the *intifada* (uprising) and internal wrangling over the composition of the PLC led to two postponements.

In June 2005, the PLC amended the 1995 election law to respond to internal criticism over proportionality and replaced a majority model with a mixed electoral system. The PLC also increased from 88 members to 132, one-third of which would be elected in the single list national system, and two-thirds under a regional district system. Under the new system, each voter receives two ballots. The first ballot contains the names of candidates competing for the seats of the electoral district from which the voter selects a number of candidates not to exceed the number of seats assigned for each district. The second paper contains competing national lists from which the voter chooses one slate. Thus, voters may cast "split-ticket" votes. Six out of the 66 seats allocated to the national list are reserved for Christians.¹⁶ Both lists must include at least one woman in the first three names, at least one woman in the next four names, and at least one woman in each group of five names that follow.

¹⁶ Samar Assad, "Palestinian Legislative Elections: The Catalyst for Political Reform," *The Palestine Center*, Number 119, May 17, 2005.

Results

The CEC reported that over 77% of eligible voters (980,000 out of 1.273 million) took part in the January 25, 2006 PLC election. The election was overseen by 17,268 domestic observers, complimented by 900 credentialed international monitors. The conduct of the election was widely considered to be free and fair. Palestinians voted in one of 1,008 polling stations (754 in the West Bank and 254 in Gaza) and 132 seats were contested by 728 candidates (414 in districts and 314 on party slates).¹⁷

Initial observer reports stated that nearly all polls opened on time and the election was carried out in an efficient and orderly manner. No serious incidents of violence were reported and over 13,000 PA preventive security personnel provided security for the election. Likewise, in East Jerusalem, Israeli Defense Forces provided security and generally unfettered access for voters and observers. Some observer organizations reported limited voter access in Hebron and East Jerusalem, the presence of some guns at polling sites, and factional clashes at some polls.¹⁸

**Table 2. January 25, 2006,
Palestinian Legislative Council Election Results**

Candidates	Seats Won
Change and Reform (Hamas)	74
Fatah Party	45
Palestinian Front for the Liberation of Palestine	3
The Third Way Party	2
The Alternative Party	2
The Independent Palestine Party	2
Independents	4
Total	132

Source: Palestinian Central Elections Commission.

¹⁷ Aluf Benn, "Polls: Fatah Leads Hamas by Up to 11%," *Ha'aretz*, January 25.

¹⁸ "Report on Election Day," *Palestinian Initiative for the Promotion of Global Dialogue and Democracy*, January 26, 2006.

International Reactions

United States

The Bush Administration accepted the outcome of the Palestinian legislative elections and praised the PA for holding free and fair elections. Following the election, President Bush held a news conference wherein he expressed his support for the democratic election and said that the results had “given a wake-up call to the leadership.”¹⁹ However, President Bush reiterated the Administration’s stance toward Hamas, saying that “a party that articulates the destruction of Israel is a party with which we will not deal. I don’t see how you can be a partner in peace if you advocate the destruction of a country.”²⁰ Observers speculate that the Hamas electoral victory may complicate U.S. policy toward the Palestinians and democracy promotion in the Middle East.

On January 30, 2006, the Quartet (U.S., E.U., Russia, and the U.N) discussed the Palestinian elections. In a released statement the Quartet stated that all future assistance to the PA will be reviewed by donors against the Palestinian government’s commitment to non-violence, recognition of Israel, and acceptance of previous agreements and obligations, including the roadmap. Secretary of Rice commented that “The U.S. can’t fund a government that is run by an organization that it lists as a terrorist organization. It’s just a practical matter.” Many experts predict that any possible curtailment of U.S. assistance may not include humanitarian aid.

Israel

Ehud Olmert, the acting Israeli Prime Minister, announced that “a Hamas-led Palestinian Authority is not a partner.”²¹ Under Olmert and the Kadima Party, the government of Israel may quicken the pace of disengagement and the completion of the separation barrier and many analysts doubt that any Israeli government will engage Hamas on the substantive issues of the road map. Additionally, the Hamas victory may also influence Israel’s current electoral campaign. Yuval Steinitz, Chairman of Israel’s Foreign Affairs and Defense Committee stated that “these elections contradict the Oslo Agreement and contradict democracy.”²² Benjamin Netanyahu, the former Israeli Prime Minister, commented that “Hamastan has been formed, a proxy of Iran in the image of the Taliban.”²³ Some in Israel suggested that the election of Hamas to head the PA demonstrates the failure of recent negotiations and the peace process.

¹⁹ White House Press Conference, January 26, 2006.

²⁰ *Ibid.*

²¹ Arnon Regular, “After Landslide, Olmert Says Hamas-led PA Is No Partner,” *Ha’aretz News*, January 27, 2006.

²² *Ha’aretz News Service*, “Likud: Hamas Victory a Direct Result of Disengagement Plan,” January 26, 2006.

²³ Laurie Copans, “Netanyahu Stands to Gain in Israeli Election Campaign after Hamas Win,” Associated Press, January 30, 2006.

Middle East, European, and Other International Reactions

Egypt's Foreign Minister, Ahmed Abu Gheit, reportedly stated that "negotiations cannot take place under violence and fire. Therefore, violence must be renounced," adding that Hamas "must recognize Israel and honor previous diplomatic agreements made by the Palestinian Authority."²⁴ Muhammad Mahdi Akif, the head of Egypt's Muslim Brotherhood, the oldest Islamic political organization in the Middle East, declared that "the success attained by Hamas is tantamount to a vote by the Palestinian people in favor of the Islamic line for the solution of the Palestinian issue."²⁵

In Jordan, Nasir Judah, government spokesman asserted that "Jordan respects the Palestinian people's choices in the elections and the outcome of the legislative elections reflects the democratic process and the Palestinian people's choices, and we respect that."²⁶ During a live broadcast of Friday prayers, Ayatollah Mohammad Emami-Kashani, a member of Iran's Guardian Council claimed, "Hamas and Fatah must follow a pious path and maintain unity. The West is unhappy about the victory of Hamas and they must realize that it was the people who voted for Hamas."²⁷ Pakistani President General Pervez Musharraf, a key U.S. ally in the global war on terror, issued a statement that the "international community should accept the reality and verdict in the Palestinian elections and not shut its door on the newly elected Hamas authority."²⁸

French Prime Minister Dominique de Villepin stated that any prerequisite to working with the Palestinian government included "the renunciation of violence and the recognition of Israel."²⁹ British Prime Minister Tony Blair said Hamas must now choose between "a path of democracy or a path of violence."³⁰ The U.N. Security Council stated that any future Palestinian government must recognize Israel and commit itself to a negotiated settlement of the Mideast conflict culminating in two independent states living in peace. Arab League Secretary General Amr Moussa claimed that "Hamas will have to accept the Beirut initiative, which calls for full Arab recognition of Israel, despite its declared stands."³¹ The European Union (EU),

²⁴ Yoav Stern, "Egypt Demands PA Stop Violence as Condition for Peace Talks," *Ha'aretz Daily*, February 1, 2006.

²⁵ Statement available online [<http://www.ikhwanonline.com>].

²⁶ *Al-Arab al-Yawm* (Jordan), January 27, 2007.

²⁷ Tehran Voice of the Islamic Republic of Iran Radio, January 27, 2006.

²⁸ Pakistan Press Release, "Pakistan: Musharraf Urges World To Accept Hamas Victory in Palestinian Election," January 27, 2006.

²⁹ Sebastian Alison, "European Leaders Tell Hamas: Change or be Shunned," *Reuters*, January 26, 2006.

³⁰ "Britain's Blair Urges Hamas to Choose Between Democracy, Violence," *Agence Presse*, January 26, 2006.

³¹ Ora Koren, "Arab League: Hamas Will Have to Recognize Israel," *Ha'aretz Daily*, January 27, 2006.

the Palestinians largest source of aid, has demanded that Hamas renounce terror, but has not formally pledged to cut aid.³²

Palestinian Reaction

Fatah

Fatah leaders, if not their supporters, have accepted the outcome of the election and will not challenge the results. While Fatah leadership appeared to support the outcome, young Fatah supporters demonstrated and clashed with Palestinian security services. Generally, the protesters displayed a lack of confidence in Fatah and have called for the resignations of the Fatah Central Committee. Ahmad Qureia, Prime Minister and Fatah member, resigned his post and expressed a willingness to see Hamas form a new government. Though it is unclear whether Fatah will join a Hamas-led government, reports claim Fatah will be a loyal opposition while it attempts to revive its party and public appeal. President Abbas may resuscitate the Palestinian Liberation Organization (PLO) and negotiate with Israel through its good offices. Many felt that President Abbas's speech to the parliament on February 18 will outline the future of Hamas-Fatah relations.

Hamas

The leadership of Hamas contends that the outcome of the parliamentary election demonstrated that Palestinian people aspired to new leadership and a new program based on comprehensive reform. Following the election, Khaled Meshaal, the head of Hamas, immediately called for a Hamas-Fatah coalition government. For its part, Fatah generally rejects the Hamas call for a unity government, yet Abbas has meet with Hamas leaders to discuss such a proposal. Many feel that Hamas may not have anticipated such a resounding victory and is not prepared to lead the next Palestinian government. While Hamas has issued politically pragmatic statements in the days following the election, some Hamas leaders such as Mahmoud Al-Zahhar also suggest that Hamas may try to eliminate the peace process and "kill any trace of the Oslo peace process."³³ There were also reports that Hamas may offer to extend the cease-fire (*hudna*) for an undetermined time.

³² The E.U. provided the PA with \$605 million in 2005.

³³ Anne Barnard, In Stunning Upset, Hamas Seen as Victor," *Boston Globe*, January 26, 2006.

Outlook

A New Palestinian Government

By most accounts, Abbas and Fatah apparently gambled that once in the PLC Hamas would no longer ignore the rule of law and would choose a path toward political normalization. Still, the Abbas camp in all likelihood did not foresee Fatah losing total political authority as a result of Hamas' participation. Though Ahmed Qureia, Prime Minister of the PA, tendered his resignation in reaction to the Hamas victory, President Bush urged President Abbas to remain in office to continue guiding the peace process with Israel.³⁴ Given Hamas' total victory, Abbas is meeting with Hamas officials to discuss the formation of the next government in the coming weeks. He will ask the next government to respect his political platform, which calls for renouncing violence, commitment to peace negotiations, and the two-state solution. Though Hamas appears to want to lead a coalition government, some suggest that Fatah may resist national political unity and attempt to isolate Hamas. The result of Fatah's go-it-alone strategy may produce a political deadlock that many fear will lead to internecine violence and civil war.³⁵ Others contend that Abbas may re-tool the PLO, which does not currently include Hamas, as the primary Palestinian representative in future negotiations.

Hamas Governance

The death of Arafat, and resulting fracturing of Fatah unity, provided Hamas with an opportunity to participate in the political realm. Hamas' PLC candidates are generally well-respected, educated, and many have a reputation for probity and high-minded public service.³⁶ Therefore, it is possible that Hamas will continue to express a willingness to include Fatah or Fatah "independents" in a governing coalition. Still, whether internal debate within Hamas will produce clear divisions between political and military "wings" remains in doubt.

Despite a clear victory in the Palestinian parliamentary election, Hamas offered scant details on its intended political program beyond anti-corruption measures. While Hamas clearly profited from the untainted image enjoyed by all opposition parties, it may not possess the technocratic, political, and bureaucratic savvy to administer Palestinian affairs. Hamas' stance on the possible implementation of Islamic law (or *sha'ria*) is also difficult to ascertain. Some reports of "morality

³⁴ William Branigin, "Bush: Hamas Must Alter Stance on Israel to Be Partner in Peace," *Washington Post*, January 26, 2006.

³⁵ Ephraim Lavie, "Hamas' Victory in the Palestinian Elections: What Does it all Mean?" *Tel Aviv Notes Number 159*, Jaffee Center for Strategic Studies, Tel Aviv University, January 29, 2006.

³⁶ "The Quest for Legitimacy: Electoral Politics In Palestine," *The Palestinian Initiative for the Promotion of Global Dialogue & Democracy*, December, 2005.

police” have surfaced, although Hamas officials claim that is not general policy.³⁷ While Hamas’ experience in municipal social welfare programs is impressive, many doubt its ability to promote democratic institutions, judicial reform, and bringing the Palestinian constitution to a referendum.

Many recent statements by Hamas are enigmatic and demonstrate both pragmatic and extremist rhetoric. Though Hamas has thus far refused to disarm, there have been statements that some believe express a less maximal position. For example, Khaled Meshaal, leader of Hamas, stated that “resistance can be in a political and diplomatic form.”³⁸ Yet, most assert that as long as Hamas remains militant and its Covenant continues to call for the destruction of Israel, few will take its moderate rhetoric seriously. Unlike the Hamas Covenant, the Hamas election platform did not contain language that calls for the destruction of Israel. However, Hamas spokesman Sami Abu Zuhri stated “the platform refers to details and implementation methods for the next four years, while the Covenant lays out our permanent strategic views.”³⁹ On the other hand, Muaman Bseiso, columnist for the Hamas weekly *Al-Risala*, wrote, “the Covenant is not the Koran, which is unchangeable. I believe that one day it will be changed or replaced according to the views of the Hamas, in order to realize the national interests of the Palestinians.”⁴⁰

Hamas’ recent statements regarding Israel are also inconsistent. Khaled Meshaal, the leader of Hamas, stated that Hamas does not recognize Israel.⁴¹ Yet, Shaykh Muhammad Abu-Tayr, the second highest ranking member of Hamas, signaled possible shifts within the political circles of Hamas mentioning that “I frankly say Israel does exist. It does exist.”⁴² Hamas Deputy Ismail Haniyah is widely reported to support dialogue with Israel and the international community. Even though Hamas has made verbal commitments to moderation and dialogue, anti-Israeli language persists. Recently, Mousa Abu Marzouk, Deputy Political Bureau Chief of Hamas, stated, “Israel’s are our enemy rather than a partner.”⁴³

³⁷ Alan Johnston, Hamas Under Pressure Over Vigilantes,” *BBC News Service*, April 19, 2005.

³⁸ International Crisis Group, *Enter Hamas: the Challenge of Political Integration*, January 18, 2006.

³⁹ *Al-Hayat Al-Jadida* (Palestinian), January 22, 2006.

⁴⁰ The Middle East Media Research Institute, *Hamas in Run-up to Elections: Relatively Pragmatic Statements Alongside Extremist Statements*, 2006.

⁴¹ Alix Van Buren, “Hamas Leader Khaled Mish’al Refuses To Renounce Resistance to Israeli Occupation,” *The Republic* (Rome), January 27, 2006.

⁴² Interview by Ohad Hemo, *Ma’bat Newscast* (Jerusalem), January 13, 2006.

⁴³ Palestinian Information Center, “Abu-Marzuq: HAMAS To Remain Steadfast on National Constants,” January 22, 2006.

Regional Considerations

In the last few years, the Middle East region has witnessed gains by political Islam. In Egypt, the banned Muslim Brotherhood (running as Independents) ran well in 2005-2006 parliamentary elections. In Iraq, many observers anticipate that politics will likely take on a distinctly religious hue. In southern Lebanon, the militant *Hizballah* (Party of God), plays a visible role in national government. Ultra-conservative Wahhabism dominates much of Saudi Arabia's politics, and Iran remains a staunch Shi'a theocracy. Whether a Hamas-led Palestinian government might extend this trend is open to debate. It is clear that Egypt, the largest Arab country and a leader in the region, does not want further instability on its border. On the other hand, there are growing fears that nearby groups like Hizballah and Palestinian refugees in Lebanon may feel more emboldened by the Hamas victory.

It remains unclear whether a Hamas victory will lead to an increase in Iranian influence in the West Bank and Gaza.⁴⁴ Although the Hamas victory would appear to bolster the hardline, anti-Israel stand of President Ahmadinejad, many observers believe it is more likely that Hamas and Iran will drift further apart. The State Department report on international terrorism for 2004 states that Hamas "receives some funding from Iran but primarily relies on donations from Palestinian expatriates around the world and private benefactors in Saudi Arabia, Kuwait, and other Arab states." In many ways, Hamas' alliance with Tehran has always been somewhat unnatural, because Hamas is a Sunni Muslim derivative of the region-wide Muslim Brotherhood organization, while Iran is the center of Shiite Islamic movements. Hamas now has a stake in and interest in Palestinian politics and governance, and is not expected to turn to Iran for instructions or guidance on Palestinian domestic issues.

Issues For Congress

The Future of Palestinian Aid⁴⁵

In fiscal year 2005, the Bush Administration and Congress significantly increased U.S. economic aid to the Palestinians through supplemental appropriations and by reprogramming economic aid which had been appropriated in previous years. President Bush also used his authority to provide \$50 million in direct assistance to the Palestinian Authority, marking only the fourth time a U.S. President has used a congressional authorized waiver to channel aid away from USAID programs and directly to the PA.

⁴⁴ For an analysis of Iran, see CRS Report RL32048, *Iran: U.S. Concerns and Policy Responses*, Kenneth Katzman.

⁴⁵ For a more detailed analysis of U.S.-Palestinian aid, see CRS Report RS22370, *U.S. Aid to the Palestinians*, by Jeremy M. Sharp.

Table 3. U.S. Assistance to the Palestinians, FY2002-FY2006
(Regular & Supplemental Appropriations; Current Year \$ in millions)

Account	FY2002 Actual	FY2003 Actual	FY2004 Actual	FY2005 Estimate	FY2006 Estimate
ESF	72.000	124.500	74.558	274.400	150.000
P.L.480 Title II	-	9.984	-	-	-
Total	\$72.000	\$134.484	\$74.558	\$274.400	\$150.000

Source: U.S. State Department

Following the PLC elections, Administration officials and some Members of Congress have warned the Hamas leadership that the United States will no longer provide assistance to a Hamas-led PA government unless it changes its Covenant to recognize Israel's right to exist and renounces the use of violence. If Hamas should resist such changes, Congress and the Administration could move to alter or halt U.S. assistance altogether to the Palestinians by eliminating the presidential waiver authority to authorize direct aid to the PA or by tightening existing restrictions, including the oversight of Palestinian non governmental organizations working as subcontractors.⁴⁶ It is worth noting that the United States currently provides small amounts of ESF aid for projects in Lebanon, despite the participation of Hizballah, a U.S.-designated terrorist group, in parliament and in the current cabinet. However, in Lebanon, Hizballah is part of a larger coalition government, whereas in the West Bank and Gaza, Hamas is poised to be the dominant player in the political arena.

Legislation

H.R. 4668 (introduced in the House International Committee on January 31, 2006) would place conditions on assistance to the PA. The President would have to certify, among other things, that the PA is not controlled by an FTO.

H.R. 4681 (Referred to the House Committee on International Relations, and in addition to the Committees on the Judiciary, and Financial Services, for a period to be subsequently determined by the Speaker on February 1, 2006) would require, among other things, that the President certify (every three months after the passage of the bill and every six months thereafter) that no element of the PA is controlled by

⁴⁶ Section 550 (b) of P.L. 109-102, the FY2006 Foreign Operations Appropriations Act, states that the President may use this waiver if providing direct aid to the PA is important to the national security interests of the United States. By law, the waiver must be accompanied by a report to Congress detailing the steps the Palestinian Authority has taken to arrest terrorists, confiscate weapons and dismantle the terrorist infrastructure. The report also must include a description of how funds will be spent and the accounting procedures in place to ensure that they are properly disbursed.

a foreign terrorist organization (FTO) and no member of an FTO serves in a ministry, agency, or instrumentality of the Palestinian Authority.

S. 2237, the Palestinian Compliance Act of 2006 (introduced in the Senate Foreign Relations Committee on February 1, 2006) would require, among other things, that the President's waiver authority (Section 550 (b) of P.L. 109-102, the FY2006 Foreign Operations Appropriations Act) may only be used if the Palestinian Authority renounces terrorism and recognizes Israel's right to exist and takes appropriate steps to amend the Hamas Covenant to delete statements that are hostile to Israel and that support the use of violence.

S.Con.Res. 79 (passed the Senate on February 1, 2006, and referred to the House International Relations Committee on February 7, 2006) resolves that it is the sense of Congress that no U.S. assistance should be provided directly to the PA if any representative political party holding a majority of parliamentary seats within the Palestinian Authority maintains a position calling for the destruction of Israel.

Peace Process

Under Abbas, the PA appeared committed to cooperating with Israel in the peace process. Hamas, for its part, continues to support the killing of Israeli civilians and denies the legitimacy of the state of Israel. On the other hand, standing for elections, toning down its religious rhetoric, and generally holding to a truce might be a harbinger of political and rhetorical moderation on the part of Hamas. Many observers hold that once inside the political sphere Hamas will have little choice but to abandon its violent methods. Hamas leader Isma'il Haniyah stated that Hamas "invites the Quartet Committee to an open an unconditional dialogue."⁴⁷ Hamas, however, has a clear and established track record that seems to mitigate any likelihood of political moderation. Additionally, this record suggests that it may perpetrate violence against Israel, which would further complicate matters and marginalize political solutions to the Israel-Palestinian conflict.

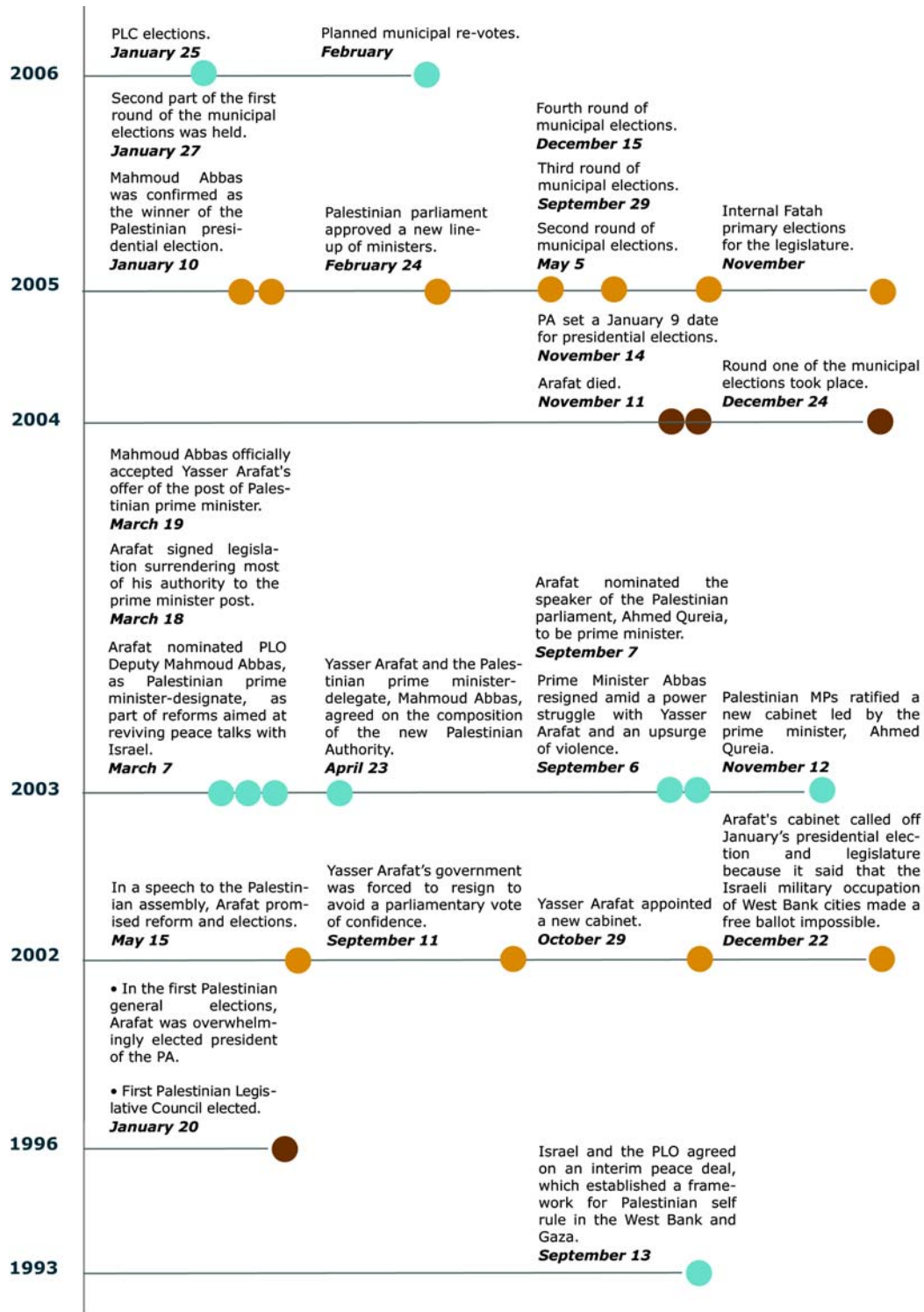
Policymakers undoubtedly face a paradigm shift in Arab-Israeli affairs and the peace process. There are those who contend that if a viable solution to the conflict could not be found between Israel and a secular national-liberation movement (Fatah), then an Islamized Palestinian leadership is even less likely to achieve an accord. There are others who claim that Hamas may bring stability, security, and hope to Palestinians and thus create an environment more conducive to peace. Still, nearly all agree that as long as Hamas remains committed to the destruction of Israel and refuses to abandon violence and terror as a political tool, the peace process is likely to remain moribund and Israel may quicken the pace of unilateral withdrawal, emphasizing isolation rather than engagement.

⁴⁷ *Al-Jazeera Television Network*, January 20, 2006.

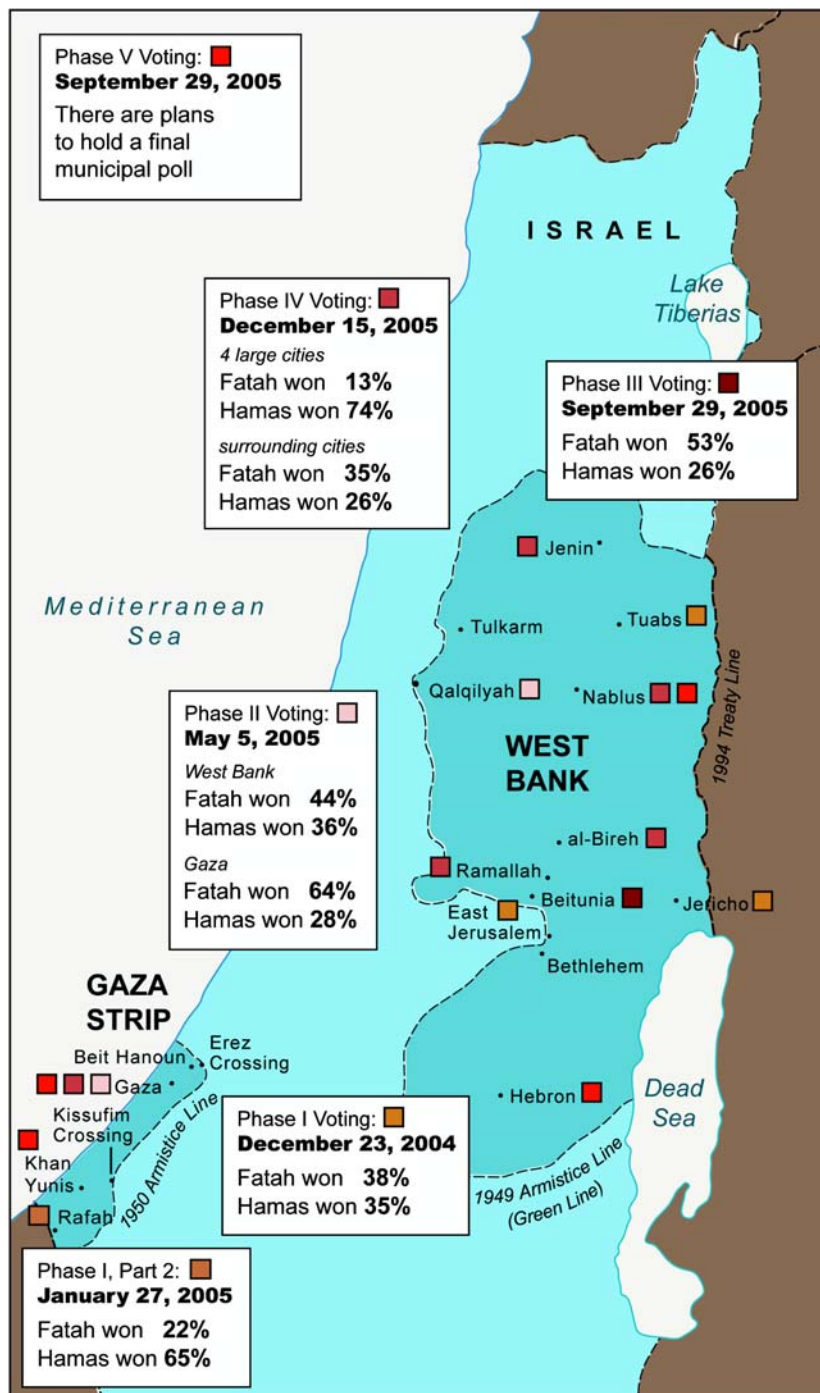
Palestinian Democracy

Some Members of Congress hope that the Palestinian culture of elections may further institutionalize rule of law, and moderate extremist behavior within the West Bank and Gaza. Others fear a democratic process that brings a known terrorist organization into government may legitimize terrorism and not end violence.

Appendix A: Palestinian Elections Timeline



Appendix B: Municipal Election Results



Source: Information provided by the Palestinian Central Elections Commission. Map Resources. Adapted by CRS. (K.Yancey 1/30/06).